101ST CONGRESS
2d Session

SENATE

TREATY DOC.
101–11

TAX CONVENTION WITH THE REPUBLIC OF FINLAND

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL, SIGNED AT HELSINKI ON SEPTEMBER 21, 1989

FEBRUARY 5, 1990.—Convention was read the first time, and together with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed for the use of the Senate

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U.S. GOVERNMENT PRINTING OFFICE

39–118 WASHINGTON : 1990

S385-4

LETTER OF TRANSMITTAL

THE WHITE HOUSE, *February 5, 1990.*

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention between the Government of the United States of America and the Government of the Republic of Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital, signed at Helsinki on September 21, 1989. I also transmit the report of the Department of State on the convention.

The convention would replace the existing income tax treaty with Finland that was signed on March 6, 1970. It is based on the model income tax conventions of the Organization for Economic Cooperation and Development and the Department of the Treasury and takes into account the changes in United States income tax law resulting from the Tax Reform Act of 1986.

The convention contains provisions designed to prevent third-country residents from taking unwarranted advantage of the convention by routing income from one Contracting State through an entity created in the other. The convention also provides for the exchange of information by the competent authorities of the Contracting States.

I recommend the Senate give early and favorable consideration to the convention and give its advice and consent to ratification.

GEORGE BUSH.

LETTER OF SUBMITTAL

DEPARTMENT OF STATE,
Washington, October 24, 1989.

The PRESIDENT,
The White House.

THE PRESIDENT: I have the honor to submit to you, with a view to its transmission to the Senate for advice and consent to ratification, the Convention between the United States of America and Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital, signed at Helsinki on September 21, 1989.

The Convention would replace the existing income tax convention with Finland which was signed at Washington on March 6, 1970. An income tax convention was signed between the United States and Finland in 1986 but was not transmitted to the Senate because of the pendency of the tax reform legislation in the United States. The new Convention is based on the model income tax conventions published by the Organization for Economic Cooperation and Development in 1977 and by the United States Department of the Treasury in 1981. It also reflects changes in United States income tax law introduced by the Tax Reform Act of 1986, as well as changes in Finnish income tax law introduced by tax reform legislation in 1988.

The Convention would retain the rates of the existing convention for the taxation by a Contracting State of dividends paid by corporations resident in that State to residents of the other Contracting State. The rate would be 5 percent for dividends on direct investments and 15 percent for dividends on portfolio investments. Also retained would be the exemption from taxation by one Contracting State of interest paid by a resident of that State if paid to a resident of the other Contracting State.

In the case of royalties, however, the Convention would change the general rate of source state taxation. Under the existing convention, royalties derived and beneficially owned by a resident of one Contracting State and paid to a resident of the other Contracting State are exempt from taxation by the former State. Article 12 of the Convention would allow the Contracting State in which the royalties arise to tax such royalties (other than royalties with respect to literary, artistic or scientific works) up to a maximum rate of 5 percent.

Article 5 of the Convention continues the rule of the existing convention that a building site or construction project will constitute a permanent establishment in a Contracting State only if it has a duration in that State of more than 12 months. In addition,

Article 5 of the Convention specifically applies the 12-month limitation for purposes of determining whether an installation or drilling rig or ship used to explore for or exploit natural resources in a Contracting State constitutes a permanent establishment in that State.

The Convention also contains standard provisions dealing with business profits, income from shipping and air transport, personal services income, nondiscrimination, mutual assistance, and exchange of information.

In addition, the Convention includes an article limiting the benefits of the Convention to residents of the two Contracting States by preventing "treaty shopping" abuses. Other provisions of the Convention limit the benefits of the reduced withholding rates on dividends from pass-through entities such as a regulated investment company (RIC) or a real estate investment trust (REIT), provide for the exchange of tax information, and authorize the General Accounting Office and appropriate Congressional committees to obtain certain tax information relevant to their function of overseeing the administration of the United States tax laws.

An exchange of notes which includes certain understandings is enclosed for information only.

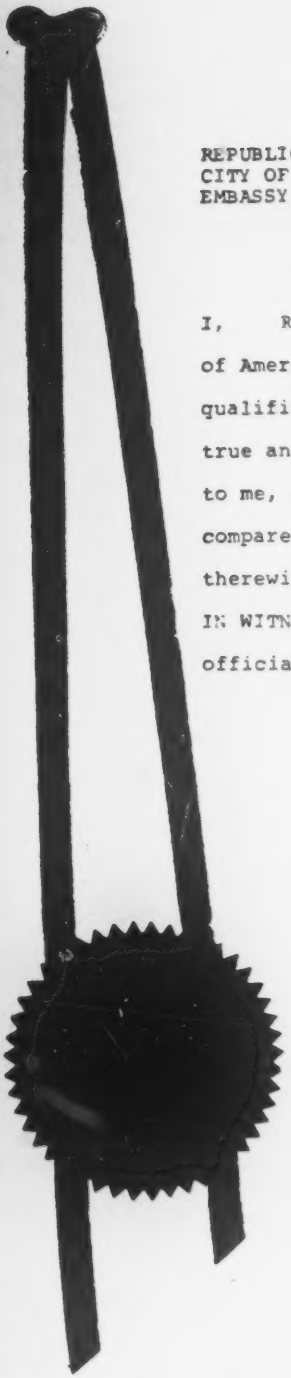
A technical memorandum explaining in detail the provisions of the Convention is being prepared by the Department of the Treasury and will be submitted to the Senate Committee on Foreign Relations.

The Department of the Treasury, with the cooperation of the Department of State, was primarily responsible for the negotiation of the Convention. It has the full approval of both Departments.

Respectfully submitted,

JAMES A. BAKER III.

Enclosures: As stated.



REPUBLIC OF FINLAND)
CITY OF HELSINKI) SS:
EMBASSY OF THE UNITED STATES OF AMERICA)

I, Robert O. Tatge Consul of the United States of America at Helsinki, Finland, duly commissioned and qualified, do hereby certify that the annexed copy is a true and faithful copy of the original this day exhibited to me, the same having been carefully examined by me and compared with the said original and found to agree therewith word for word and figure for figure.

IN WITNESS WHEREOF I have hereunto set my hand and official seal this 21st day of September, 1989.

Robert O Tatge.
Consul of the United States
of America

ROBERT O. TATGE
Consul of the
United States of America

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 168 Helsinki, September 21, 1989

Excellency:

I have the honor to refer to the Convention between the Government of the United States of America and the Government of the Republic of Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital (the "Convention"), which was signed today. The following understandings were reached between our two Governments.

1. For purposes of the communal tax of Finland referred to in subparagraph (a)(ii) of paragraph 1 of Article 2 (Taxes Covered) of the Convention, the business profits of an enterprise of the United States that are attributable in the aggregate to one or more permanent establishments of such enterprise in Finland ("Aggregate Finnish Profits"), shall be determined in accordance with the provisions of Article 7 (Business Profits) of the Convention. However, where such an enterprise has more than one permanent establishment in Finland, Article 7 (Business Profits) of the Convention shall not preclude Finland from determining the portion of the enterprises's aggregate Finnish profits as may be customary for that purpose in

Ulla Puolanne
Minister
Ministry of Finance
Helsinki

Finland. The method of apportionment so adopted, however, shall be such that the result is in accordance with the principles of Article 7.

2. In the event the United States should enact a tax on capital that is comparable to the state capital tax of Finland referred to in subparagraph (a) (i) of paragraph 1 of Article 2 (Taxes Covered) of the Convention, the United States shall, without undue delay, enter into negotiations with Finland with a view to amending the Convention to include such tax within subparagraph (b) of paragraph 1 of Article 2 and to provide appropriate relief from double taxation of capital.

3. It is intended that procedures will be developed by the United States to ensure that the limitation of the last sentence of subparagraph (b) of paragraph 1 of Article 2 (Taxes Covered) of the Convention will be applied without undue administrative burden.

I have the honor to propose that the present Note and your reply thereto shall constitute an agreement between our two Governments on these matters.

Accept, Excellency, the renewed assurances of my highest consideration.

Charge d'Affaires ad interim

EMBASSY OF THE UNITED STATES OF AMERICA
HELSINKI

Helsinki, 21 September 1989

Sir,

I have the honour to acknowledge receipt of Your Note of 21 September 1989, which reads as follows:

"I have the honor to refer to the Convention between the Government of the United States of America and the Government of the Republic of Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital (the "Convention"), which was signed today. The following understandings were reached between our two Governments.

1. For purposes of the communal tax of Finland referred to in subparagraph (a) (ii) of paragraph 1 of Article 2 (Taxes Covered) of the Convention, the business profits of an enterprise of the United States that are attributable in the aggregate to one or more permanent establishments of such enterprise in Finland ("Aggregate Finnish Profits"), shall be determined in accordance with the provisions of Article 7 (Business Profits) of the Convention. However, where such an enterprise has more than one permanent establishment in Finland, Article 7 (Business Profits) of the Convention shall not preclude Finland from determining the portion of the enterprises's aggregate Finnish profits as may be customary for that purpose in Finland. The method of apportionment so adopted, however, shall be such that the result is in accordance with the principles of Article 7.

2. In the event the United States should enact a tax on capital that is comparable to the state capital tax of Finland referred to in subparagraph (a) (i) of paragraph 1 of Article 2 (Taxes Covered) of the Convention, the United States shall, without undue delay, enter into negotiations with Finland with a view to amending the Convention to include such tax within subparagraph (b) of paragraph 1 of Article 2 and to provide appropriate relief from double taxation of capital.

Mr. Michael L. Durkee
Chargé d'Affaires a.i.
The Embassy of the United States
Helsinki

3. It is intended that procedures will be developed by the United States to ensure that the limitation of the last sentence of subparagraph (b) of paragraph 1 of Article 2 (Taxes Covered) of the Convention will be applied without undue administrative burden.

I have the honor to propose that the present Note and your reply thereto shall constitute an agreement between our two Governments on these matters.

Accept, Excellency, the renewed assurances of my highest consideration."

In reply, I have the honour to inform you that the foregoing understandings are acceptable to the Government of Finland, who therefore agree that Your Note and the present reply shall constitute an agreement between our two Governments on these matters.

Accept, Sir, the renewed assurances of my highest consideration.

Ulla Puolanne
Minister in the Ministry of Finance

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

The Government of the United States of America and the Government of the Republic of Finland, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, have agreed as follows:

ARTICLE 1

Personal Scope

1. This Convention shall apply to persons who are residents of one or both of the Contracting States, except as otherwise provided in the Convention.

2. The Convention shall not restrict in any manner any exclusion, exemption, deduction, credit, or other allowance now or hereafter accorded

a) by the laws of either Contracting State; or

b) by any other agreement between the Contracting States.

3. Notwithstanding any provision of the Convention except paragraph 4, a Contracting State may tax a person who is treated as a resident under its taxation laws (except where such person is determined to be a resident of the other Contracting State under the provisions of paragraph 2 or 3 of Article 4 (Residence)), and by reason of citizenship may tax its citizens, as if the Convention had not come into effect. For this purpose, the term "citizen" shall include a former citizen whose loss of citizenship had as one of its principal purposes the avoidance of tax, but only for a period of 10 years following such loss.

4. The provisions of paragraph 3 shall not affect

a) the benefits conferred by a Contracting State under paragraph 2 of Article 9 (Associated Enterprises), under subparagraph b) of paragraph 1 and paragraph 4 of Article 18 (Pensions, Annuities, Alimony, and Child Support), and under

Articles 23 (Elimination of Double Taxation), 24 (Non-Discrimination), and 25 (Mutual Agreement Procedure); and

b) the benefits conferred by a Contracting State under Articles 19 (Government Service), 20 (Students and Trainees), and 27 (Members of Diplomatic Missions and Consular Posts), upon individuals who are neither citizens of, nor lawful permanent residents in, that State.

ARTICLE 2

Taxes Covered

1. The existing taxes to which this Convention shall apply are:

a) in Finland:

(i) the state income and capital tax;

(ii) the communal tax;

(iii) the church tax; and

(iv) the tax withheld at source from non-residents' income;

(hereinafter referred to as "Finnish tax");

b) in the United States: the Federal income taxes imposed by the Internal Revenue Code (but excluding the accumulated earnings tax, the personal holding company tax,

and social security taxes), and the excise taxes imposed on insurance premiums paid to foreign insurers and with respect to private foundations (hereinafter referred to as "United States tax"). The Convention shall, however, apply to the excise taxes imposed on insurance premiums paid to foreign insurers only to the extent that the risks covered by such premiums are not reinsured with a person not entitled to the benefits of this or any other convention which provides exemption from such taxes.

2. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes which have been made in their respective taxation laws and of any significant official published material concerning the application of the Convention, including explanations, regulations, rulings, or judicial decisions.

ARTICLE 3

General Definitions

1. For the purposes of this Convention, unless the context otherwise requires:

a) the term "Finland" means the Republic of Finland and, when used in a geographical sense, means the territory within which Finnish tax law is in force;

b) the term "United States" means the United States of America, but does not include Puerto Rico, the Virgin Islands, Guam, or any other United States possession or territory;

c) the term "person" includes an individual, an estate, a trust, a partnership, a company, and any other body of persons;

d) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

e) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

f) the term "national" means:

(i) in respect of Finland, any individual possessing the nationality of Finland, and any legal person, partnership and association deriving its status as such from the laws in force in Finland;

(ii) in respect of the United States, any individual possessing the citizenship of the United States of America, and any legal person, partnership and association deriving its status as such from the laws in force in the United States;

g) the term "international traffic" means any transport by a ship or aircraft, except when such transport is solely between places within a Contracting State;

h) the term "competent authority" means:

(i) in Finland, the Ministry of Finance or its authorized representative;

(ii) in the United States, the Secretary of the Treasury or his delegate.

2. As regards the application of the Convention by a Contracting State any term not defined therein shall, unless the context otherwise requires or the competent authorities agree to a common meaning pursuant to the provisions of Article 25 (Mutual Agreement Procedure), have the meaning which it has under the laws of that State concerning the taxes to which the Convention applies.

ARTICLE 4

Residence

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of incorporation, or any other criterion of a similar nature. A United States citizen or

an alien lawfully admitted for permanent residence (a "green card" holder) is a resident of the United States only if such person has a substantial presence, permanent home, or habitual abode in the United States. However,

a) the term "resident of a Contracting State" does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein; and

b) in the case of a partnership, an estate, or a trust, this term applies only to the extent that the income derived by such partnership, estate, or trust is subject to tax in that State as the income of a resident, either in its hands or in the hands of its partners or beneficiaries.

2. Where by reason of the provisions of paragraph 1, an individual is a resident of both Contracting States, then his status shall be determined as follows:

a) he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (center of vital interests);

b) if the State in which he has his center of vital interests cannot be determined, or if he does not have a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;

c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national;

d) if he is a national of both States or of neither of tnem, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, the competent authorities of the Contracting States shall settle the question by mutual agreement and determine the mode of application of the Convention to such person.

ARTICLE 5

Permanent Establishment

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term "permanent establishment" includes especially:

a) a place of management;

b) a branch;

c) an office;

d) a factory;

e) a workshop; and

f) a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources.

3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve months. The use of an installation or drilling rig or ship in a Contracting State to explore for or exploit natural resources constitutes a permanent establishment only if such use is for more than twelve months.

4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:

a) the use of facilities solely for the purpose of storage, display, or delivery of goods or merchandise belonging to the enterprise;

b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display, or delivery;

c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or of collecting information, for the enterprise;

e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e).

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent, or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

ARTICLE 6

Income from Immovable (Real) Property

1. Income derived by a resident of a Contracting State from immovable (real) property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. For the purposes of this Article

a) The term "immovable property" shall, subject to the provisions of subparagraphs b) and c), have the meaning which it has under the law of the Contracting State in which the property in question is situated.

b) The term "immovable property" shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources.

c) Ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. Where the ownership of shares or other corporate rights in a company entitles the owner of such shares or corporate rights to the enjoyment of immovable property held by the company, the income from the direct use, letting, or use in any other form of such right to enjoyment may be taxed in the Contracting State in which the immovable property is situated.

5. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

ARTICLE 7

Business Profits

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries or carried on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries or carried on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries or carried on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be

attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and independent enterprise engaged in the same or similar activities under the same or similar conditions.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including a reasonable allocation of executive and general administrative expenses and other expenses incurred for the purposes of the enterprise as a whole (or the part thereof which includes the permanent establishment), whether incurred in the State in which the permanent establishment is situated or elsewhere.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

5. For the purposes of this Convention, the profits to be attributed to the permanent establishment shall include only the profits derived from the assets or activities of the permanent establishment and shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

6. Where profits include items of income which are dealt with separately in other Articles of the Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

7. For the purposes of the Convention, the term "profits" means income derived from any trade or business, including the

rental of tangible personal property, but not including the rental or licensing of cinematographic films and films or tapes used for radio or television broadcasting.

ARTICLE 8

Shipping and Air Transport

1. Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

2. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic include profits derived from the rental of ships or aircraft if such rental profits are incidental to the profits dealt with in paragraph 1.

3. Profits of an enterprise of a Contracting State from the use, maintenance, or rental of containers (including trailers, barges, and related equipment for the transport of containers) used for the transport of goods or merchandise shall be taxable only in that State, except where such containers are used for the transport of goods or merchandise solely between places within the other Contracting State.

4. The provisions of paragraphs 1 and 3 shall also apply to profits from participation in a pool, a joint business, or an international operating agency.

ARTICLE 9

Associated Enterprises

1. Where

a) an enterprise of a Contracting State participates directly or indirectly in the management, control, or capital of an enterprise of the other Contracting State; or

b) the same persons participate directly or indirectly in the management, control, or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but by reason of those conditions have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profits of an enterprise of that State, and taxes accordingly, profits on which an enterprise of the other Contracting State has been charged to tax in that other State, and that other State agrees that the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made

between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be paid to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other.

3. The provisions of paragraph 1 shall not limit any provisions of the law of either Contracting State which permit the distribution, apportionment, or allocation of income, deductions, credits, or allowances between persons, whether or not residents of a Contracting State, owned or controlled directly or indirectly by the same interests when necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such persons.

ARTICLE 10

Dividends

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a

resident, and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:

a) 5 percent of the gross amount of the dividends if the beneficial owner is a company which owns at least 10 percent of the voting stock of the company paying the dividends;

b) 15 percent of the gross amount of the dividends in all other cases.

Subparagraph b) and not subparagraph a) shall apply in the case of dividends paid by a person which is a resident of the United States and which is a Regulated Investment Company. Subparagraph a) shall not apply to dividends paid by a person which is a resident of the United States and which is a Real Estate Investment Trust, and subparagraph b) shall only apply if the dividend is benefically owned by an individual holding an interest of less than 10 percent in the Real Estate Investment Trust.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means:

a) income from shares or other rights, not being debt-claims, participating in profits;

b) income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident; and

c) income from arrangements, including debt obligations, carrying the right to participate in profits, to the extent so characterized under the law of the Contracting State in which the income arises.

4. The provisions of paragraph 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries or carried on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs or performed in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 (Business Profits) or Article 14 (Independent Personal Services), as the case may be, shall apply.

5. A Contracting State may not impose any tax on dividends paid by a company which is not a resident of that State, except insofar as

a) the dividends are paid to a resident of that State; or

b) the dividends are attributable to a permanent establishment or a fixed base of the beneficial owner of the dividends situated in that State.

6. A company which is a resident of a Contracting State and which has a permanent establishment in the other Contracting State or which is subject to tax on a net basis in that other State on items of income that may be taxed in that other State

under Article 6 (Income from Immovable (Real) Property) or under paragraph 1 of Article 13 (Gains), may be subject in that other State to a tax in addition to the tax allowable under the other provisions of this Convention. Such tax, however, may be imposed only on:

a) in the case of the United States,

(i) the portion of the business profits of the company attributable to the permanent establishment, and

(ii) the portion of the income referred to in the preceding sentence which is subject to tax under Article 6 or 13,

which represent the "dividend equivalent amount" as that term is defined under the laws of the United States as it may be amended from time to time without changing the general principle thereof, and

b) in the case of Finland,

(i) the portion of the business profits of the company attributable to the permanent establishment, and

(ii) the portion of the income referred to in the first sentence of this paragraph which may be taxed in Finland under Article 6 or under paragraph 1 of Article 13,

which in both cases represent an amount, as defined under the laws of Finland, that if the operation was carried on by a subsidiary incorporated in Finland would be distributed as a dividend.

7. The tax referred to in paragraph 6 shall not be imposed at a rate exceeding the rate specified in subparagraph a) of paragraph 2.

ARTICLE 11

Interest

1. Interest derived and beneficially owned by a resident of a Contracting State shall be taxable only in that State.

2. The term "interest" as used in this Convention means income from debt-claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities, and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds, or debentures, as well as all other income that is treated as income from money lent by the taxation law of the Contracting State in which the income arises. Penalty charges for late payment shall not be regarded as interest for the purposes of the Convention. However, the term "interest" does not include income dealt with in Article 10 (Dividends).

3. The excess of the amount deductible by a permanent establishment in the United States of a company which is a resident of Finland over the interest actually paid by such

permanent establishment, as those amounts are determined pursuant to the laws of the United States, shall be treated as interest derived and benefically owned by a resident of Finland.

4. The provisions of paragraph 1 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries or carried on business in the other Contracting State through a permanent establishment situated therein, or performs or performed in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 (Business Profits) or Article 14 (Independent Personal Services), as the case may be, shall apply.

5. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of the Convention.

ARTICLE 12

Royalties

1. Royalties derived and beneficially owned by a resident of a Contracting State shall be taxable only in that State.

2. However, notwithstanding the provisions of paragraph 1, royalties of the kind referred to in subparagraphs b) and c) of paragraph 3 may be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other State the tax so charged shall not exceed 5 percent of the gross amount of the royalties.

3. The term "royalties" as used in this Convention means payments of any kind received as a consideration

a) for the use of, or the right to use, any copyright of literary, artistic, or scientific work including cinematographic films and films or tapes for radio or television broadcasting;

b) for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or other like right or property;

c) for information concerning industrial, commercial, or scientific experience.

The term "royalties" also includes gains derived from the alienation of any such right or property which are contingent on the productivity, use, or disposition thereof.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries or carried on business in the other Contracting State through a permanent establishment situated therein, or performs or performed in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 (Business Profits) or Article 14 (Independent Personal Services), as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself or a political subdivision, statutory body, local authority, or resident of that State. Where, however, the right or property for which the royalties are paid is used within a Contracting State, then such royalties shall be deemed to arise in the State in which the right or property is used.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of the Convention.

ARTICLE 13

Gains

1. Gains derived by a resident of a Contracting State from the alienation or disposition of immovable (real) property situated in the other Contracting State may be taxed in that other State.

2. For the purposes of this Article, the term "immovable (real) property situated in the other Contracting State", when the United States is that other Contracting State, includes a United States real property interest and immovable (real) property referred to in Article 6 (Income from Immovable (Real) Property) which is situated in the United States. The term "immovable (real) property situated in the other Contracting State", when Finland is that other State, shall have the meaning which it has under paragraph 2 of Article 6 (Income from Immovable (Real) Property), and includes shares or other corporate rights referred to in paragraph 4 of that Article.

3. Gains from the alienation of movable (personal) property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has or had in the other Contracting State or of movable (personal) property pertaining to a fixed base which is or was available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services,

including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

4. Gains derived by an enterprise of a Contracting State from the alienation of ships, aircraft, or containers operated in international traffic shall be taxable only in that State.

5. Gains described in Article 12 (Royalties) shall be taxable only in accordance with the provisions of Article 12.

6. Gains from the alienation of any property other than that referred to in the preceding paragraphs of this Article, shall be taxable only in the Contracting State of which the alienator is a resident.

ARTICLE 14

Independent Personal Services

Income derived by an individual who is a resident of a Contracting State from the performance of personal services in an independent capacity shall be taxable only in that State. However, such income may also be taxed in the other Contracting State to the extent that such services are or were performed in that other State and the income is attributable to a fixed base regularly available to the individual in that other State for the purpose of performing his activities.

ARTICLE 15

Dependent Personal Services

1. Subject to the provisions of Articles 18 (Pensions, Annuities, Alimony, and Child Support) and 19 (Government Service), salaries, wages, and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days within any twelve-month period;

b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

c) the remuneration is not borne by a permanent establishment or a fixed base or a trade or business which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised as a member of the regular complement of a ship or aircraft operated in international traffic by a resident of a Contracting State, may be taxed in that State.

ARTICLE 16

Limitation on Benefits

1. A person that is a resident of a Contracting State and derives income from the other Contracting State shall be entitled under this Convention to relief from taxation in that other State only if such person is:

a) an individual;

b) a Contracting State or a political subdivision or local authority thereof;

c) engaged in an active conduct of a trade or business in the first-mentioned Contracting State (other than the business of making or managing investments, unless these activities are banking or insurance activities carried on by a bank or insurance company), and the income derived from the other Contracting State is derived in connection with, or is incidental to, that trade or business;

d) a person

(i) more than 50 percent of the beneficial interest in such person (or in the case of a company, more than 50 percent of the number of shares of each class of the company's shares) is owned, directly or indirectly, by persons entitled to benefits of this Convention under subparagraphs (a), (b), (e) or (f) of this paragraph or who are citizens of the United States; and

(ii) not more than 50 percent of the gross income of such person is used, directly or indirectly, to meet liabilities (including liabilities for interest or royalties) to persons

who are not entitled to benefits of this Convention under subparagraph (a), (b), (e) or (f) of this paragraph and are not citizens of the United States;

e) a company in whose principal class of shares there is substantial and regular trading on a recognized stock exchange; or

f) an entity which is a not-for-profit organization (including pension funds and private foundations), and which, by virtue of that status, is generally exempt from income taxation in the Contracting State of which it is a resident, provided that more than half of the beneficiaries, members or participants, if any, in such organization are persons that are entitled, under this Article, to the benefits of the Convention.

2. A person that is not entitled to the benefits of the Convention pursuant to the provisions of paragraph 1 may, nevertheless, be granted the benefits of the Convention if the competent authority of the Contracting State in which the income in question arises so determines.

3. For the purposes of subparagraph e) of paragraph 1, the term "a recognized stock exchange" means:

a) the NASDAQ System owned by the National Association of Securities Dealers, Inc. and any stock exchange registered with the Securities and Exchange Commission as a national securities exchange for the purposes of the Securities Exchange Act of 1934;

b) the Helsinki Stock Exchange; and

c) any other stock exchange agreed upon by the competent authorities of the Contracting States.

ARTICLE 17

Artistes and Sportsmen

1. Notwithstanding the provisions of Articles 14 (Independent Personal Services) and 15 (Dependent Personal Services), income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or a sportsman, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State, except where the amount of the gross receipts derived by such entertainer or sportsman, including expenses reimbursed to him or borne on his behalf, from such activities does not exceed twenty thousand United States dollars ($20,000) or its equivalent in Finnish currency for the calendar year concerned.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself, but to another person, that income of that other person may, notwithstanding the provisions of Articles 7 (Business Profits) and 14 (Independent

Personal Services), be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised, unless it is established that neither the entertainer or sportsman nor persons related thereto participate directly or indirectly in the profits of that other person in any manner, including the accrual or receipt of deferred remuneration, bonuses, fees, dividends, partnership income, or income or other distributions.

ARTICLE 18

Pensions, Annuities, Alimony, and Child Support

1. Subject to the provisions of paragraph 2 of Article 19 (Government Service)

a) pensions and other similar remuneration derived and beneficially owned by a resident of a Contracting State in consideration of past employment shall be taxable only in that State; and

b) pensions and other payments under the social security legislation of a Contracting State and, where that Contracting State is the United States, other public

pensions, paid to a resident of the other Contracting State or a citizen of the United States shall be taxable only in the first-mentioned State.

2. Annuities derived and beneficially owned by a resident of a Contracting State shall be taxable only in that State. The term "annuities" as used in this paragraph means stated sums paid periodically at stated times during life or a specified or ascertainable number of years, under an obligation to make the payments in return for adequate and full consideration (other than services rendered or to be rendered).

3. Alimony paid to a resident of a Contracting State shall be taxable only in that State. The term "alimony" as used in this paragraph means periodic payments made pursuant to a written separation agreement or a decree of divorce, separate maintenance, or compulsory support, which payments are taxable to the recipient under the laws of the State of which he is a resident.

4. Periodic payments for the support of a minor child made pursuant to a written separation agreement or a decree of divorce, separate maintenance, or compulsory support, paid by a resident of a Contracting State to a resident of the other Contracting State, shall be taxable only in the first-mentioned State.

ARTICLE 19

Government Service

1. a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision, statutory body or local authority thereof to an individual in respect of services rendered to that State, subdivision, body or authority shall be taxable only in that State.

b) However, such remuneration shall be taxable only in the Contracting State of which the individual is a resident if the services are rendered in that State and the individual:

(i) is a national of that State; or

(ii) did not become a resident of that State solely for the purpose of rendering the services.

2. a) Any pension paid by, or out of funds created by, a Contracting State or a political subdivision, statutory body or local authority thereof to an individual in respect of services rendered to that State, subdivision, body or authority shall be taxable only in that State.

b) However, such pension shall be taxable only in the Contracting State of which the individual is a resident if he is a national of that State.

3. The provisions of Articles 14 (Independent Personal Services), 15 (Dependent Personal Services) and 18 (Pensions, Annuities, Alimony, and Child Support) shall apply to

remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision, statutory body or local authority thereof.

ARTICLE 20

Students and Trainees

Payments received for the purpose of maintenance, education, or training by a student, apprentice, or business trainee who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State for the purpose of his full-time education or training shall not be taxed in that State, provided that such payments arise outside that State.

ARTICLE 21

Other Income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

ARTICLE 21

Other Income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable (real) property as defined in paragraph 2 of Article 6 (Income from Immovable (Real) Property), if the beneficial owner of such income, being a resident of a Contracting State, carries or carried on business in the other Contracting State through a permanent establishment situated therein, or performs or performed in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 (Business Profits) or Article 14 (Independent Personal Services), as the case may be, shall apply.

ARTICLE 22

Capital

1. Capital represented by immovable (real) property referred to in paragraph 2 of Article 6 (Income from Immovable (Real)

Property), owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State.

2. Capital represented by shares or other corporate rights referred to in paragraph 4 of Article 6 (Income from Immovable (Real) Property) and owned by a resident of a Contracting State may be taxed in the Contracting State in which the immovable (real) property held by the company is situated.

3. Subject to the provisions of paragraph 4, capital represented by assets, other than property referred to in paragraphs 1 and 2, which are effectively connected with a permanent establishment or fixed base of a resident of a Contracting State may be taxed in the State in which the permanent establishment or fixed base is situated.

4. Ships and aircraft of a resident of a Contracting State, and assets, other than property referred to in paragraphs 1 and 2, pertaining to the operation of such ships or aircraft shall be exempt from tax on capital by the other Contracting State.

5. All other elements of capital of a resident of

a) Finland not dealt with in this Article shall be exempt from tax on capital by the United States;

b) the United States not dealt with in this Article shall be exempt from tax on capital by Finland.

ARTICLE 23

Elimination of Double Taxation

1. In Finland double taxation shall be eliminated as follows:

a) Where a resident of Finland derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in the United States (other than solely by virtue of citizenship), Finland shall, subject to the provisions of sub-paragraph b), allow:

(i) as a deduction from the tax on income of that person, an amount equal to the tax on income paid in the United States;

(ii) as a deduction from the tax on capital of that person, an amount equal to the tax on capital paid in the United States.

Such deduction in either case shall not, however, exceed that part of the tax on income or on capital, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in the United States.

b) Dividends paid by a company which is a resident of the United States to a company which is a resident of Finland and owns directly at least 10 percent of the voting stock of the company paying the dividends shall be exempt from Finnish tax.

c) Notwithstanding any other provision of the Convention, an individual who is a resident of the United States and

under Finnish taxation law with respect to the Finnish taxes referred to in Article 2 (Taxes Covered) also is regarded as resident in Finland may be taxed in Finland. However, Finland shall allow any United States tax paid on the income or on the capital as a deduction from Finnish tax in accordance with the provisions of sub-paragraph a). The provisions of this subparagraph shall apply only to nationals of Finland.

d) Where in accordance with any provisions of the Convention, income derived or capital owned by a resident of Finland is exempt from tax in Finland, Finland may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

2. In accordance with the provisions and subject to the limitations of the law of the United States (as it may be amended from time to time without changing the general principle hereof), the United States shall allow to a resident or citizen of the United States as a credit against the United States tax on income

a) the income tax paid to Finland by or on behalf of such resident or citizen; and

b) in the case of a United States company owning at least 10 percent of the voting stock of a company which is a resident of Finland and from which the United States company receives dividends, the income tax paid to Finland by or on behalf of the distributing company with respect to the profits out of which the dividends are paid.

For the purposes of this paragraph, the taxes referred to in subparagraph a) of paragraph 1 and paragraph 2 of Article 2 (Taxes Covered) shall be considered income taxes.

3. For the purposes of computing United States tax, where a citizen of the United States is a resident of Finland, the United States shall allow as a credit against United States tax the income tax paid to Finland after the credit referred to in paragraph 1. The credit so allowed against United States tax shall not reduce that portion of the United States tax that is creditable against Finnish tax in accordance with paragraph 1. For the purposes of this paragraph, income beneficially owned by a resident of Finland who is a citizen of the United States shall be deemed to arise in Finland to the extent necessary to give effect to the provisions of this paragraph.

4. For the purposes of allowing relief from double taxation pursuant to this Article and subject to such source rules in the domestic laws of the Contracting States as apply for the purpose of limiting the foreign tax credit, income shall, except as otherwise provided in paragraph 3, be deemed to arise exclusively as follows:

a) income derived by a resident of a Contracting State which may be taxed in the other Contracting State in accordance with the Convention (other than solely by reason of citizenship in accordance with paragraph 3 of Article 1 (Personal Scope)) shall be deemed to arise in that other State;

b) income derived by a resident of a Contracting State which may not be taxed in the other Contracting State in

accordance with the Convention shall be deemed to arise in the first-mentioned State.

ARTICLE 24

Non-discrimination

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected. This provision shall also apply to persons who are not residents of one or both of the Contracting States. However, for the purposes of United States tax, an individual who is a United States national and who is not a resident of the United States and an individual who is a national of Finland and who is not a resident of the United States are not in the same circumstances.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family

responsibilities which it grants to its own residents. Nothing in this Article shall be construed as obliging a Contracting State to grant to a resident of the other Contracting State the right to deduct from the profits attributable to a permanent establishment of that resident situated in the first-mentioned State any portion of the amount of any dividends paid by that resident.

3. Except where the provisions of paragraph 1 of Article 9 (Associated Enterprises), paragraph 5 of Article 11 (Interest), or paragraph 6 of Article 12 (Royalties) apply, interest, royalties, and other disbursements paid by a resident of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of the first-mentioned resident, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of a resident of a Contracting State to a resident of the other Contracting State shall, for the purposes of determining the taxable capital of the first-mentioned resident, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

5. Nothing in this Article shall be construed as preventing either Contracting State from imposing the tax described in paragraph 6 of Article 10 (Dividends).

6. The provisions of this Article shall, notwithstanding the provisions of Article 2 (Taxes Covered), apply to taxes of every kind and description imposed by a Contracting State or a political subdivision, statutory body, or local authority thereof.

ARTICLE 25

Mutual Agreement Procedure

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or national.

2. The competent authority shall endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached in

accordance with the preceding paragraph shall be implemented notwithstanding any time limits or other procedural limitations in the domestic law of the Contracting States, provided that the competent authority of the Contracting State requested to provide a refund has received notification that such a case exists within six years from the end of the taxable year to which the case relates.

3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. In particular, the competent authorities of the Contracting States may agree

a) to the same attribution of income, deductions, credits, or allowances of an enterprise of a Contracting State to its permanent establishment situated in the other Contracting State;

b) to the same allocation of income, deductions, credits, or allowances between persons;

c) to the same characterization of particular items of income;

d) to the same application of source rules with respect to particular items of income;

e) to a common meaning of a term;

f) to increases in any specific amounts referred to in the Convention to reflect economic or monetary developments; and

g) to the application of the provisions of domestic law regarding interest on deficiencies and refunds and non-

criminal penalties and fines, in a manner consistent with the purposes of the Convention.

They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

ARTICLE 26

Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1 (Personal Scope). Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment, collection, or administration of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Convention. Such persons or authorities

shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;

b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

c) to supply information which would disclose any trade, business, industrial, commercial, or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

3. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall obtain the information to which the request relates in the same manner and to the same extent as if the tax of the first-mentioned State were the tax of that other State and were being imposed by that other State. If specifically requested by the competent authority of a Contracting State, the competent authority of the other Contracting State shall provide information under this Article in the form of depositions of witnesses and authenticated copies of unedited original documents (including books, papers, statements, records, accounts, and

writings), to the same extent such depositions and documents can be obtained under the laws and administrative practices of that other State with respect to its own taxes.

4. Each of the Contracting States shall endeavor to collect on behalf of the other Contracting State such amounts as may be necessary to ensure that relief granted by the Convention from taxation imposed by that other State does not inure to the benefit of persons not entitled thereto.

5. Paragraph 4 shall not impose upon either of the Contracting States the obligation to carry out administrative measures which are of a different nature from those used in the collection of its own taxes, or which would be contrary to its sovereignty, security, or public policy.

6. For the purposes of this Article, the Convention shall apply, notwithstanding the provisions of Article 2 (Taxes Covered), to taxes of every kind imposed by a Contracting State.

ARTICLE 27

Members of Diplomatic Missions and Consular Posts

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

ARTICLE 28

Entry Into Force

1. This Convention shall be subject to ratification, acceptance, or approval in accordance with the applicable procedures of each Contracting State. The Governments of the Contracting States shall notify each other as soon as possible that those procedures have been complied with.

2. The Convention shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1, and its provisions shall have effect:

a) in Finland:

(i) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the Convention enters into force;

(ii) in respect of other taxes on income and taxes on capital, for taxes chargeable for any taxable year beginning on or after 1 January in the calendar year next following the year in which the Convention enters into force;

b) in the United States:

(i) in respect of taxes withheld at source, for amounts paid or credited on or after the first day of the second month next following the date on which the Convention enters into force;

(ii) in respect of other taxes, for taxable years beginning on or after the first day of January next following the date on which the Convention enters into force.

3. The Convention between the Republic of Finland and the United States of America with respect to taxes on income and property, signed at Washington on 6 March 1970, (hereinafter referred to as "the 1970 Convention"), shall cease to have effect with respect to taxes to which the Convention applies in accordance with the provisions of paragraph 2. The 1970 Convention shall terminate on the last date on which it has effect in accordance with the foregoing provision of this paragraph.

ARTICLE 29

Termination

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year following after the period of five years from the date on which the Convention enters into force. In such event, the Convention shall cease to have effect:

a) in Finland:

(i) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the notice is given;

(ii) in respect of other taxes on income and taxes on

capital, for taxes chargeable for any taxable year beginning on or after 1 January in the calendar year next following the year in which the notice is given;

b) in the United States:

(i) in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January next following the expiration of the 6 months period;

(ii) in respect of other taxes, for taxable years beginning on or after the first day of January next following the expiration of the 6 months period.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Convention.

DONE in Helsinki, in duplicate in the English and Finnish languages, both texts being equally authentic, this 21st day of September 1989.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE REPUBLIC OF FINLAND: